

MONTANA BOARD OF HORSE RACING MEETING
2:00 P.M., JULY 11, 2008
MONTANA EXPO PARK ATRIUM
EXPO PARK, MONTANA STATE FAIRGROUNDS
GREAT FALLS, MT

Approved Minutes

ATTENDANCE:

Al Carruthers	Chairman	Sue Austin	Board Member
Topper Tracy	Board Member	John Ostlund	Board Member
Susan Egbert	Board Member	Ryan Sherman	Executive Secretary
Sherry Meador	Legal Counsel		

PUBLIC IN ATTENDANCE: Dale Mahlum, Mel Yelvington, Dale Hillyard, Bryan Krone, Jeff Jones, Larry Jordan, Mark Cassel, Tom Williams, Randy Rassmussen, Bill Boettcher, Jack Cano, Lisa Cano, Jody Kalafat, Leslie Clark, Leonard Rogers, Rada Rogers, Merritt Pride, Chet Monson, Ron Reed, Gary Morris, Amber Flom, Bill Schmitt, Janis Schoepf, Parke Edwards, Dave Wheeler, Lou Wojciechowski

CALLED TO ORDER:

Chairman Carruthers called the meeting to order at 2:10pm

INTRODUCTIONS: Chairman Carruthers introduced Dale Mahlum to the board.

MINUTES:

Member Tracy moved to approve the February 20th and May 29th minutes with the addition that Mike Tatsey was in attendance on the conference call of May 29th. Member Egbert seconded the motion. Motion passed.

HEARING ON APPEAL OF STEWARDS' RULING:

Chairman Carruthers called the hearing to order at 2:38pm. Leonard Rogers appealed the Stewards' decision of May 11, 2008, disqualifying the horse, How Jazzy, for interference. Ryan Sherman, as head Steward, stated the board of stewards' process of how they came to the decision to disqualify the horse for interference at the beginning of the race 9 at Miles City on May 11, 2008. Rada Rogers submitted still photos to the Board to support her position that they should not have been disqualified. The Board then reviewed the official video of the race two times. Rogers was provided the opportunity to ask questions of the Stewards and to provide additional testimony. There were no questions from the Board. Testimony was closed and Member Tracy moved to uphold the Steward's decision. Member Ostlund seconded the motion. Motion passed unanimously.

ACCOUNT DEPOSIT WAGERING:

Ryan Sherman reported to the Board that TVG reported 76 players in Montana wagered \$22,000 over the 23 days in June since the ADW contract has been in place. MBOHR will receive 6.5 to 7% of that amount. In response to a question from the public, Ryan stated that 80% of that amount will go to the horsemen, 10% to MBOHR, and 10% to the track.

FANTASY SPORTS:

Ryan reported to the Board that 1700 applications were sent out to facilities eligible for licenses. Seventy-two site applications were completed as of that date. Chairman Carruthers showed the Board and the audience a poster advertising the Fantasy Sports Application process. Ryan clarified that Montana Sports Action is a Board of Horse Racing game and that the lottery is the vendor for the game. Sherry Meador stated that the proposed rules have been published with notice of a public hearing on July 18th and final comments due by 5pm on July 25th. The comments will then be responded to by the board and filed on August 4th (later amended to August 18th), published on August 14th (now, August 28th) and effective on August 15th (now, August 29th) in time for a September 1st start date. Ryan informed the board there were two misconceptions as to the development and application of the game which appear to have delayed applications from being submitted – the first being that the game was just a means for Montana Lottery to take over the whole program and that it wasn't for racing, and the second misconception out there was that the game was too complicated for beginning players. Member Tracy further added that members of the Board have been working on finding support for horse racing for the past three years. He emphasized that the sole intent of Fantasy Sports, from the Governor's office and from the Board, was to support the horse racing industry.

RULE 32.28.1402:

Sherry Meador reported to the Board that the notice of proposed amendment to 32.28.1402 requested comments to proposed amendments regarding medication for 2 year olds by July 10, 2008. No comments were received. If the Board moves to adopt the proposed rules, the Adoption Notification will be filed on July 21st, published ten days later, and in effect on August 2nd, 2008. Member Austin moved to approve adopt proposed rule. Member Ostlund seconded it. Motion passed.

BUDGET REVIEW

Ryan Sherman reported to the board that, as of fiscal year end June 20th, the Board was operating well within the budget at 62%, but was light on cash though cash in hand doesn't include anything from the licensing fees from Miles City in 2008. Chairman Carruthers clarified that Ryan will present the track funding requests to the Board and the Board will vote on distributions to the tracks. Ryan also explained to the board the distribution of the EPP funds (\$350,000 over the Biennium) that was included in the Governor's budget.

APPLICATION FOR JOCKEY'S LICENCE

Chairman Carruthers introduced Jeffery Jones who is applying for a jockey license in Montana. Ryan Sherman spoke in support of Mr. Jones application, stating that Mr. Jones had demonstrated long term sobriety, responsibility, skill and hard work with a commitment to Montana to ride locally for three years if a license is granted. Ryan recommended that the Board give Jeff Jones a temporary license until

he meets with Washington to clear up past issues. Member Austin asked Mr. Jones why he was set down in Washington. Mr. Jones explained to the board that he took money to rig a race to support a drug habit. The incident to which he was accountable occurred in the Fall of 1993. He has not ridden in 14 years, is a single father of a 6 and 7 year old son, and has been clean and sober for the past ten years. Ryan advised the Board that Mr. Jones will be subject to random drug tests. Mr. Jones informed the Board he will request that Washington release him from his suspension to participate in Montana. Member Tracy moved to grant Jeffery Jones a temporary license through the end of the Billings Race meet. Member Austin seconded. Motion passed unanimously. Member Austin moved that the Board write a letter on behalf of Jeff Jones to Washington if things go well in Great Falls' upcoming meet. Member Egbert seconded the motion. Motion passed. Mr. Jones thanked the Board.

MONTANA HORSE BREEDER'S ASSOCIATION PROPOSAL:

Larry Jordan, representing the Montana Horse Breeders Association (MHBA), informed the Board that the MHBA has been in existence for 3 years and has 59 paid member breeders in Montana. They recently held a conference in Lewistown with 25 members present. They plan to develop a newsletter, schedule a convention, and hold a stallion auction to raise funds for MHBA. MHBA requests the Board set tentative dates for next year so MHBA can do more marketing of race events. There was discussion of a need for rule change to implement this request.

MHBA also requested that the trainer be given the option to head their own horses. They stressed that this option would result in a fairer race for the betting public. There was further discussion about the Board's efforts to have greater oversight of the gate crew. Sherry Meador stated that while a few states allow trainers to head their own horses, most states are confident that a reliable gate crew is much more effective. In addition, Montana rules still require the track to have an assistant starter available for each horse so it would not provide any cost advantages either. It was agreed that a better gate crew would resolve many of the concerns of MHBA regarding this issue.

Mark Cassel, a MHBA member, requested the Board define Accredited Montana Bred. Chairman Carruthers questioned the policy given that "no one else does it." Mr. Cassel gave Alberta as an example whereby they require a veterinarian certification of foaling in State, send the application to AQHA, and it come back to the association. Randy Rassmussen stated that it protects Montana Bred horses -- \$1000 goes to Board of Horse Racing to support a state program.

Discussion on Montana Bred Preferred.

The Montana Breeders Association discussed that they would like to have all races carded as Montana Breds Preferred.

Purse Distributions. Chairman Carruthers encouraged MHBA to work with Ryan on specific rules. Ryan stated that some of the MHBA requests could be combined and clarified for possible rule changes. Member Austin moved for Ryan to work with MHBA, as appropriate, on rule proposals to the Board. Member Egbert seconded. Motion passed.

WORKERS COMPENSATION UPDATE:

Sherry Meador informed the Board that he has been working with Art Gorov, from DLI reviewing workers compensation and jockey insurance in other states – specifically, Washington, Idaho, New Jersey, New York, Maryland, and California). One possibility is developing a fund similar to the Uninsured Employee's Fund at Department of Labor where payment is limited to funds available. It would require proposing legislation to establish fund as the exclusive remedy for jockeys and to immune counties from suit. The program would be funded through a portion of trainers and owners license fees (the number of licenses granted is expected to increase), fantasy sports revenue, and possible state funds based on economic value of industry to the State. Workers Compensation premiums could be decreased by implementing an industry "fraud squad", a better process of informing the track and Board of claims, and a requirement of accident report s filed within a short time period. Sherry and Art are currently reviewing track policies and comparisons with other states. They anticipate a plan by labor day in time to draft any necessary proposed legislation and to find a sponsor.

PUBLIC COMMENT:

In accordance with Mont. Code Ann. §2-3-103, the meeting was opened for public comment. Chairman Carruthers read the open forum statement and informed the public that they could have a short time for comment but that no action could be taken on any issue at this time.

Dale Mahlum spoke to the racing industry's prior loss of heritage and pride, but then to the resurgence he sees now. He recognizes Governor Schweitzer for his efforts to the horse racing industry and proposed that the Board present him with a gift/plaque. Chairman Carruthers proposed a Governor's stake race for the last weekend of the Great Falls meet. Member Austin moved that they hold a race in honor of the Governor the last weekend of Great Falls, and that Mr. Mahlum pursue an appropriate gift to present to the Governor at the race. Member Ostlund seconded the motion. Motion passed. Chairman Carruthers suggested a plaque be presented to AQHA to honor their commitment to Montana's racing heritage. Member Austin moved to present a plaque and hold a race in their honor at the Billings meet. Member Egbert seconded. So moved.

Janis Schoepf requested a rule change to allow owners and trainers to use their own silks in stakes races as it would encourage fan recognition and loyalty to a trainer/barn. Ms. Schoepf also stated a need for rule changes to uncouple betting -- older rules don't reflect newer technology. Washington and California have done away with it and a rule change would help to eliminate short fields.

Amber Flom requested a rule change to include Banamine as an accepted medication, and to toss the Lasix card which is a waste of time and resources.

Park Edwards suggested the Board delay application for dates so they can see how much money is being raised through the new revenue sources.

ADJORNMENT:

The meeting was adjourned at 4:15pm.

Signature

Date